

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0835-08  
Bill No.: Truly Agreed To and Finally Passed CCR on HCS No. 2 for SCS for SB 117  
Subject: Hospitals; Taxation and Revenue - Property; Taxation and Revenue - Sales and Use  
Type: Original  
Date: June 3, 2011

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Bill Summary: This proposal modifies provisions relating to certain taxes imposed by political subdivisions, with an emergency clause for certain sections.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning, State Tax Commission, Firemen's Retirement System, Department of Economic Development, Public Service Commission, Office of Public Counsel, Division of Business and Community Services**, and the **City of Kansas City** assume that there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Revenue (DOR)** state the response to a proposal similar to or identical to this one in a previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within DOR tax systems, changes cannot be made without significant impact to DOR resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$26,712 (1008 FTE hours X \$26.50 per hour).

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

ASSUMPTION (continued)Section 67.1303

**Oversight** assumes this proposal would allow local economic development sales tax revenues to also be used for the construction of job training and educational facilities. **Oversight** assumes this proposal is permissive; therefore, Oversight will not reflect a direct fiscal impact as a result of this proposal.

Sections 67.1521

Officials from the **Office of the Boone County Collector** estimate the following fiscal impact:

<b>Estimated total special assessment billings 2011 - \$150,000.00</b>	<b>Revenue</b>	<b>Expense</b>
1% withheld for collection - county general revenue	\$1,500.00	
Changing from property tax to special assessment		
Programming		
-bill creation modification, daily report modification, month end report modification, entity file maintenance, create new form, distributions/commission modifications, check disbursement modifications		
120 hours @ \$33/hour		\$3,960.00
County attorney - legal work- 1 hour @ \$45/hour		\$45.00
Printing and mailing special assessment		
- printing, postage, envelopes #11 outer & #10 return		
Estimated 225 billing parcels @ \$.50/bill		\$112.50
Totals	<u>\$1,500.00</u>	<u>\$4,117.50</u>
*Ongoing estimated revenues per fiscal year - \$1,500.00		
*Ongoing estimated costs per fiscal year - \$150.00		

ASSUMPTION (continued)

**Oversight** assumes this proposal would allow the County of Boone to add special assessments levied in a community improvement district to the annual real estate tax bills for the properties being benefitted by the district. Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 94.585

**Oversight** assumes this proposal would authorize, upon voter approval, the City of Excelsior Springs to impose a sales tax of up to one percent for the purpose of funding the construction, maintenance, operation, and equipping of a community center and for retiring any bonds issued for those purposes. Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 94.900

**Oversight** assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Should the voters approve the imposition of a sales tax, the city could expect revenue to be generated and there would be costs of providing public safety programs. Oversight assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

**Oversight** assumes the "City Public Safety Sales Tax Trust Fund" balance would be either a positive unknown or zero.

**Oversight** has no way to determine if any city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.

Section 140.410

**Oversight** assumes there would be no fiscal impact to the state or local governments.

ASSUMPTION (continued)

Sections 144.032, 205.205

Officials from the **Iron County Hospital** state in the event a sales tax is approved in Iron County, the financial ramifications will have a tremendously positive impact on the current financial situation the hospital is in. Since the hospital opened its doors in 2006, the hospital has accumulated a massive amount of debt, primarily due to the fact the hospital did not have any operating cash to operate when the hospital opened. The hospital currently has aged account payables in excess of \$3.4M.

The approval of a sales tax will allow the hospital to not only have an impact in addressing the current outstanding debt issues but it will also allow the hospital to purchase necessary equipment that is much needed in order to provide the necessary medical services and procedures.

**Oversight** assumes this proposal authorizes hospital districts located within Iron County to abolish their existing property tax levies and, upon voter approval, impose a sales tax of up to one percent to fund the district. Oversight assumes if the voters were to approve a sales tax there would be revenue generated as well as costs related to holding an election. There would also be a reduction of revenue in hospital property tax.

**Oversight** assumes if the citizens would approve a sales tax to fund the hospital district, the Department of Revenue would retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

The tax must receive voter approval before it could be implemented; therefore, **Oversight** assumes this proposal is permissive and, by itself, would have no state or local fiscal impact.

Section 1

**Oversight** assumes this proposal authorizes the City of Columbia, upon voter approval, to impose a sales tax of up to one percent to fund public safety capital improvements. Oversight assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

ASSUMPTION (continued)

**Oversight** assumes the “City Capital Improvements for Public Safety Sales Tax Trust Fund” balance would be either a positive unknown or zero.

**Oversight** has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business would be required to collect and remit the additional sales tax.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

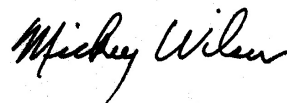
## SOURCES OF INFORMATION

Office of Attorney General  
Office of Administration  
    Division of Budget and Planning  
State Tax Commission  
The Firemen's Retirement System  
Department of Economic Development  
    Office of Public Counsel  
    Division of Business and Community Services  
    Public Service Commission  
City of Kansas City  
Office of Secretary of State  
Department of Revenue  
Iron County Hospital  
Boone County Collector

## NOT RESPONDING

Cities of: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Kirksville, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring, West Plains

Counties of: Andrew, Barry, Bates, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Texas, Warren, Webster



Mickey Wilson, CPA



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